



Defense Finance and Accounting Service **Annuitant Pay Newsletter** 2006 At-a-Glance

Legislation update

Congress finalized the 2007 National Defense Authorization Act (NDAA). Listed below are the legislative changes that could affect Annuity Pay:

- Permits a member with Natural Interest Person (NIP) coverage under the Survivor Benefit Plan (SBP) to elect a new NIP if the original NIP dies.
 - Provides a two year survival period to make election fully effective
 - Requires a buy-in for any period in which NIP premiums were not paid
 - Provides a two-year open season for members if NIP died prior to enactment.
 - Provides a six-month election period for member if NIP died after the enactment date.
- Child annuity for Line of Duty Deaths from October 7, 2001 to present.
 - Military member passed away while in the line of duty
 - Spouse is not in receipt of Survivor Benefit Plan due to receipt of Dependency and Indemnity Compensation or remarriage.

Cost of Living adjustments for 2007

Based on the increase in the Consumer Price Index, there will be a cost of living increase for retired pay and for SBP annuities effective December 1, 2006.

Annuitants being paid on an account where the retiree first became a member of the uniformed services before September 8, 1980 and retired prior to January 1, 2006 will receive a full COLA increase of 3.3 percent.

Annuitants being paid on an account where the retiree first became a member of a uniformed service before September 8, 1980 and retired on or after January 1, 2006 will receive a partial COLA increase of 2.8 percent.

The COLA increase for annuitants being paid on an account where the retiree first became a member of a uniformed service on or after September 8, 1980 will be as follows:

- 3.3% for those retiring before January 1, 2006
- 2.8% for those retiring in the 1st quarter, CY 2006
- 2.4% for those retiring in the 2nd quarter, CY 2006
- 0.6% for those retiring in the 3rd quarter, CY 2006
- 0.0% for those retiring in the 4th quarter, CY 2006

Annuitants being paid on an account where the retiree first became a member of the uniformed services on or after August 1, 1986 and retired prior to January 1, 2006 but elected to receive a Career Status Bonus at 15 years of active service will receive a COLA increase of 2.3 percent.

Annuitants being paid on an account where the retiree first became a member of a uniformed service on or after August 1, 1986, retired on or after January 1, 2006, and elected to receive a Career Status Bonus at 15 years of active service will receive a partial COLA as follows:

- 2.3% for those retiring before January 1, 2006
- 2.0% for those retiring in the 1st quarter, CY 2006
- 1.9% for those retiring in the 2nd quarter, CY 2006
- 0.3% for those retiring in the 3rd quarter, CY 2006
- 0.0% for those retiring in the 4th quarter, CY 2006

The COLA increase for annuitants will be the same as the retiree would have received. The COLA increase will be reflected in the January 2, 2007 payment.

Casualty assistance information

When a retiree dies the retired pay stops and the designated beneficiary or next of kin is entitled to those days of pay during the month up to the date of death. Listed below are a few pointers on how to decrease the amount of time it can take to process this payment and assist the beneficiary through this trying time.

- Beneficiary or next of kin must report the retiree's death immediately using the casualty number (1-800-269- 5170). They must also report the death to all concerned agencies, for example VA, Social Security, Insurance Agencies, and any other agency that would have a vested interest in the beneficiary. There is limited information exchanged between government agencies.

- Upon notification of death, the retiree's beneficiary or next of kin will receive an SF 1174 and a request for a Certificate of Death (COD). The SF 1174 has to be completely filled out, ensuring all people entitled to the arrears of pay are identified with their names, addresses, and phone numbers and the form is signed and witnessed. If there is no cause of death identified on the COD, then an affidavit from a physician is required identifying the retiree's cause or manner of death.

- For those beneficiaries eligible for the Survivor Benefits Plan (SBP) annuity they will receive an annuity package to apply for their monthly annuity. To ensure the documents are processed in a timely manner, please be advised the paperwork must be signed and dated by the beneficiary or legal representative.

Temporary myPay outage

An electrical upgrade to the data center is planned for the December 30 through January 1 period. This upgrade will require a total power outage during this timeframe. This process means that access to myPay will not be available during this time. We are working to minimize the amount of downtime for this upgrade. Please accept our apologies for this disruption of service.

The VA Retro Project for CRSC and CRDP

Two entitlements, Combat Related Special Compensation (CRSC) effective June 1, 2003 and Concurrent Retirement Disability Pay (CRDP) effective January 1, 2004 created monthly payments in addition to military retired pay. These two entitlements are paid to disabled military retirees based on a number of factors, but principally the percentage of disability awarded by the Department of Veterans Affairs (DVA).

CRSC and CRDP were enacted into law to eliminate the longstanding offset between military retired pay and disability compensation, previously referred to as Concurrent Receipt. CRSC and CRDP can never be paid for the same period of time. A military retiree who may qualify for both may be paid one or the other.

When CRSC and CRDP were initially established, payments were made based on the disability percentage awarded by the DVA using the date the change was recorded in the pay system. While this practice was the same as was done for the offset of military retired pay, it did not recognize that CRSC or CRDP payments should increase with the effective date awarded by the DVA, not the date the change was recorded which is always later. The policy was changed to recognize the effective date of the change as awarded by DVA.

The change in policy launched this effort, commonly called the VA Retro Project. This project is a catch-up process for military retirees who were awarded a retroactive increase in their disability compensation during a period in which CRSC or CRDP was paid. For military retirees who have received a retroactive increase in their disability percentage, their pay accounts will be reviewed to determine if additional money is due as a result of using the effective date awarded by the DVA. Many military retirees are due more money for a period from the effective date the DVA awarded the higher percentage up to the date the military retired pay system recorded that change.

The DVA and DFAS have worked together to coordinate efforts to calculate and adjust pay accounts due to a retroactive award. Military retirees may receive additional money from the DVA, DFAS or, in some cases, both agencies.

DFAS began payments in September 2006 and DVA began payments in November 2006. Completion of the majority of payments is expected within six months. More complex repayment situations may require up to six additional months to complete.

Deceased military retirees may not receive CRSC or CRDP past the date of death. However, the deceased military retiree's designated beneficiary is entitled to any unpaid military retired pay. Retroactive increases made prior to the military retiree's death and during the period in which CRSC/CRDP were paid provides for entitlement to VA Retro payments. These payments will be made to the beneficiary of the deceased.

Direct Deposit System (DDS) or International Direct Deposit (IDD)

In an effort to ensure retirees and annuitants receive their pay on the date of pay, DFAS is highly recommending that all retirees and annuitants consider establishing a direct deposit account either through the Direct Deposit System (DDS) or through the International Direct Deposit System (IDD). Both systems are safe and secure and payments arrive in bank accounts on the same day they are released from DFAS and the Federal Reserve Bank.

There are three ways to establish a DDS account, through **myPay**, through the Customer Contact Center, and in writing. After accessing the retiree or annuitant account utilizing their Social Security number the annuitant would need to provide a routing number, account number, and type of account (i.e., checking or savings).

To establish an IDD account, the annuitant would be required to complete an enrollment package that can be accessed at <http://www.dod.mil/dfas/retiredpay/internationaldirectdepositidd/iddexpansion/formof1199i.pdf>. DFAS Retired and Annuitant Pay officials urge enrollees to make sure the form is accurately completed and signed.

Automated Interactive Voice Response System

DFAS introduced voice-enabled technology in its customer service center in November. This service will provide the capability to speak with an automated agent around the clock, seven days a week.

Retirees and annuitants will always have the option for a live service representative during normal work hours, but this feature will allow customers to perform self-service on some of the more routine inquiries even after hours. Customers are now able with the use of myPay PIN, to verbally make requests for mailing address changes, bank address changes, and automated 1099R requests.

New users or customers who need a new myPay PIN can request one by accessing the myPay Web site (<https://mypay.dfas.mil>). A temporary PIN will be mailed to the customer's current correspondence address.

The IVRS is available 24 hours a day; seven days a week and can accomplish the above mentioned requests without the need to speak to a Customer Service Representative. The benefits of IVRS include:

- Eliminate the need for you to call during normal business hours
- You do not need a computer to access the IVRS
- Waiting time for a Customer Service Representative will be eliminated

myPay advantages

Annuitants can receive a 1099R and the Annuitant Account Statement (AAS) through **myPay** weeks earlier than receiving it in the mail. Account access and **myPay** information is available at <https://mypay.dfas.mil>.

DFAS delivers personal pay information and provides the ability to process pay-related transactions quickly, safely and securely to all its members through **myPay**.

myPay provides annuitants with information and monthly newsletters to a user's e-mail address. An e-mail address can be submitted through "Personal Preference" page on the annuitant's **myPay** account.

myPay is accessible from any computer, at kiosks on military installations, or via the Interactive Voice Response System. Customer support is available by calling 1-800-390-2348 Monday through Friday between 7 a.m. and 7:30 p.m. (Eastern Time).

Annuitants who have forgotten or do not have a **myPay** PIN can request a new one at the **myPay** Web site (<https://mypay.dfas.mil>). If the annuitant e-mail address information has been submitted, a temporary PIN will be sent to this address. Otherwise, a temporary PIN will be mailed to the correspondence address on the pay file.